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BILL ANALYSIS

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Senate Bill 278 (as introduced 3-19-13)
Sponsor: Senator Mike Kowall
Committee: Economic Development

Date Completed: 3-20-13

CONTENT

The bill would amend Chapter 8A (21st Century Investment Programs and Activities) of the Michigan Strategic Fund Act to provide for the investment of the Jobs for Michigan Investment Fund, and the expenditure of its income, as authorized by the Act, rather than Chapter 8A or 8C (Community Revitalization Program); and to provide standards with regard to administrative costs for administering programs funded under the Investment Fund.

The Michigan Strategic Fund (MSF) Board is the trustee, and administrator, of the Investment Fund, which is within the MSF. The Board must invest the Fund consistent with the objectives of Chapter 8A or 8C. The MSF may spend the net income of the Investment Fund only for purposes authorized under Chapter 8A or 8C.

In these provisions, the bill would require the Investment Fund to be invested, and the net proceeds to be spent, as authorized by the Act.

The bill also would allow the Fund Board to use the percentage established in Section 88b to calculate administrative costs for administering programs funded under the Investment Fund.

(Section 88b states that not more than 4% of the annual appropriation as provided by law from the 21st Century Jobs Trust Fund under the Michigan Trust Fund Act may be used for purposes of program administration and activities authorized under the Act. The Fund Board may not use more than 3% of the annual appropriation for administration costs unless it authorizes the additional 1% for administration by a two-thirds vote.)

MCL 125.2088h

Legislative Analyst: Glenn Steffens

FISCAL IMPACT

The bill would expand the uses of the Jobs for Michigan Investment Fund. The Jobs for Michigan Investment Fund is the permanent fund established to receive earnings and repayments from loans and investments from 21st Century Jobs Trust Fund programs and previous life science and technology tri-corridor programs. In addition, the permanent fund receives deposits pursuant to the State's gaming compact with the Nottawaseppi Huron Band of the Potawatomi. This revenue was approximately \$12.6 million in FY 2011-12. The permanent fund also receives the interest and earnings and net income of the permanent fund. The balance in the permanent fund is allocated to programs by the Michigan Strategic

Fund Board. The 21st Century Jobs Trust Fund Program report for FY 2010-11 dated April 3, 2012, listed the available balance in the Jobs for Michigan Investment Fund – Permanent Fund at approximately \$31.0 million as of September 30, 2011. Under current law, the permanent fund can be used for 21st Century Jobs Trust Fund programs authorized by Chapter 8A of the Michigan Strategic Fund Act. These include a broad variety of grants, loans, loan enhancements, investments, tourism promotion, community revitalization, and business development under Chapters 8A and 8C. Under the bill, the MSF Board would be authorized to use the permanent fund for any authorized purpose under the Michigan Strategic Fund Act. The bill also would authorize the use of the fund for administrative expenses. This would be limited to up to 4%; however, the bill does not specify whether that percentage would be applied to the entire balance of the permanent fund or to amounts allocated from or received by the permanent fund.

Fiscal Analyst: Elizabeth Pratt

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.